

**GILMORE CITY-BRADGATE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 13
Statement of Activities	B 14-15
Governmental Fund Financial Statements:	
Balance Sheet	C 16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 17
Statement of Revenues, Expenditures and Changes in Fund Balances	E 18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 20
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 21
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 22
Statement of Cash Flows	I 23
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 24
Statement of Changes in Fiduciary Net Assets	K 25
Notes to Financial Statements	26-34
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds And Proprietary Fund	35
Note to Required Supplementary Information - Budgetary Reporting	36
Schedule of Funding Progress for the Retiree Health Plan	37
Other Supplementary Information:	<u>Schedule</u>
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	1 38
Schedule of Revenues by Source and Expenditures by Function - Governmental Funds	2 39
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	40-41
Schedule of Findings	42-43

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Ron Warren	President	2013
Kevin Wagner	Vice President	2013
Tawny Hoover		2011
Amy Ford		2011
Beau Jergens		2013

School Officials

Ron Bollmeyer	Superintendent
Julie Dickey	District Secretary/ Treasurer

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report

To the Board of Education of
Gilmore City-Bradgate Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Gilmore City-Bradgate Community School District, Gilmore City, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

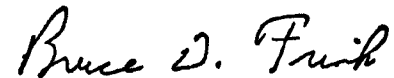
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Gilmore City-Bradgate Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2012 on our consideration of Gilmore City-Bradgate Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilmore City-Bradgate Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

March 2, 2012

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Gilmore City-Bradgate Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$1,764,384 in fiscal 2010 to \$1,739,714 in fiscal 2011, (a one percent decrease) while General Fund expenditures decreased from \$1,903,917 in fiscal 2010 to \$1,742,331 (an eight percent decrease) in fiscal 2011.
- The District continues with its 1 on 1 technology plan. This year the incoming fourth graders received laptop computers and last years fourth graders kept their computers as fifth graders. In the spring, the District purchased netbook computers, so all students in grades one through eight will have access to their own individual laptop computer. State Penny Sales Tax monies were used for the technology purchases.
- The City of Gilmore City continues to donate part of its Local Option Sales Tax monies to help support the school district to operate the Thunder Tots Daycare Program. These contributions help in keeping the rates parents pay as low as possible.
- Declining enrollment and loss of the budget guarantee have caused revenues to decline while expenditures keep rising. Two retiring teachers from last year were not replaced to lower expenditures for the 2011 fiscal year.
- The District continues to receive state funding for four-year old preschool. The District receives .5 per pupil cost for each four year old student. The District also operates a tuition free three-year old preschool program two afternoons per week.
- The District continues to receive sharing dollars from the Twin Rivers District for students in grades four through eight. The District in return expends sharing dollars to Twin Rivers for students in grades nine through twelve.
- In 2011, the District received sharing dollars from the Twin Rivers Community School District for the fourth through eighth grades. The District in return expended sharing dollars to Twin Rivers for students in grades nine through twelve.
- Smart Tables were purchased for the early childhood classrooms.
- The Board of Education and staff agreed upon smaller salary increases to help maintain financial stability for the District.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Gilmore City-Bradgate Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Gilmore City-Bradgate Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Gilmore City-Bradgate Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information includes detailed information about the Student Activity Fund and a multiyear comparison of revenues and expenses.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Gilmore City-Bradgate Community School District Annual Financial Report

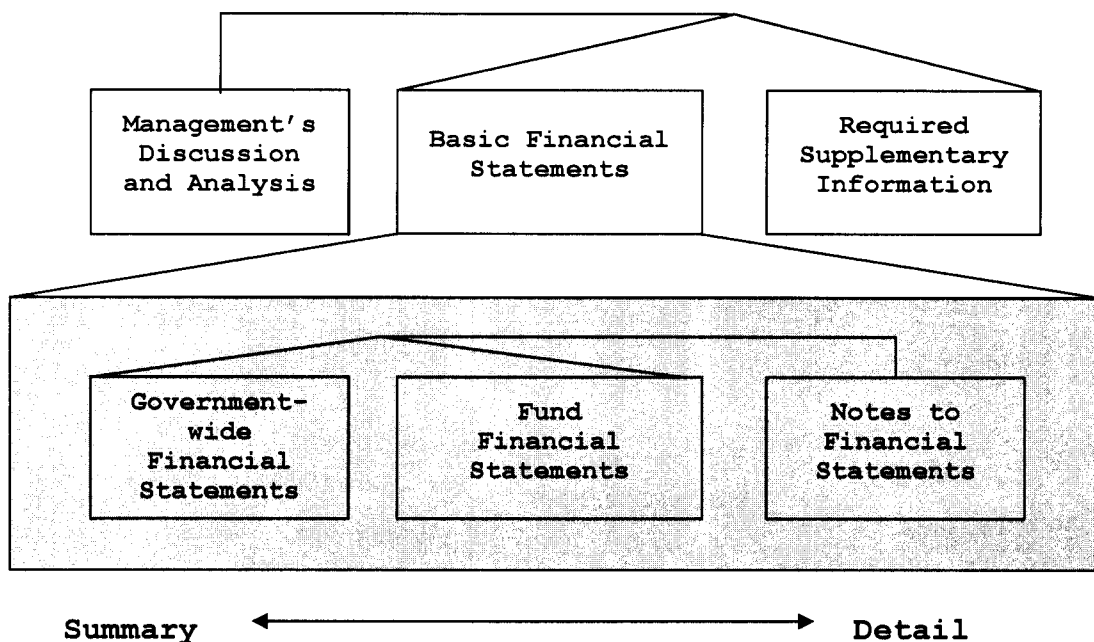


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and child care operations	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and childcare programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to include all funds as "major" for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds and the Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds; the School Nutrition Fund and Child Care Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current assets	\$ 2,373	2,156	16	20	2,389	2,176	9.79%
Capital assets	538	503	-	-	538	503	6.96%
Total assets	2,911	2,659	16	20	2,927	2,679	9.26%
Current liabilities	1,063	996	1	-	1,064	996	6.83%
Non-current liabilities	43	50	-	-	43	50	100.00%
Total liabilities	1,106	1,046	1	-	1,107	1,046	5.83%
Net assets:							
Invested in capital assets, net of related debt	538	503	-	-	538	503	6.96%
Restricted	838	673	-	-	838	673	24.52%
Unrestricted	429	437	15	20	444	457	-2.84%
Total net assets	\$ 1,805	1,613	15	20	1,820	1,633	11.45%

The District's combined net assets increased by over 11%, or approximately \$187,000 from the prior year. The largest portion of the District's net assets is invested in cash.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased approximately 3%. This decrease was due in part to the allowable growth rate being inadequate to keep up with normal price increases. Cost containment measures have been effective in maintaining the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2011 compared to the year ended June 30, 2010

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business Type Activities		Total School District		Total Change	
2011	2010	2011	2010	2011	2010	2010-2011	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 251	334	112	112	363	446	-18.61%
Operating grants, contributions and restricted interest	412	416	78	77	490	493	-0.61%
General revenues:							
Property tax	908	819	-	-	908	819	10.87%
Income surtax	105	106	-	-	105	106	-0.94%
Statewide sales, service and use tax	102	87	-	-	102	87	17.24%
Unrestricted state grants	302	312	-	-	302	312	-3.21%
Unrestricted investment earnings	9	11	-	-	9	11	-18.18%
Other	8	22	-	-	8	22	-63.64%
Total revenues	2,097	2,107	190	189	2,287	2,296	-0.39%
Program expenses:							
Governmental activities:							
Instruction	1,146	1,316	-	-	1,146	1,316	-12.92%
Support Services	557	638	-	-	557	638	-12.70%
Non-instructional programs	3	3	195	189	198	192	3.13%
Other expenses	198	131	-	-	198	131	51.15%
Total expenses	1,904	2,088	195	189	2,099	2,277	-7.82%
Change in net assets	\$ 193	19	(5)	-	188	19	889.47%

Property tax and unrestricted state grants account for 53% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 81% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$2,096,398 and expenses were \$1,903,805, for the year ended June 30, 2011.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 1,146	1,316	-12.92%	680	768	-11.46%
Support services	557	638	-12.70%	598	615	-2.76%
Non-instructional programs	3	3	0.00%	3	3	0.00%
Other expenses	198	131	51.15%	58	115	-49.57%
Totals	\$ 1,904	2,088	-8.81%	1,339	1,501	-10.79%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$250,935 (an \$80,000 decrease).
- Federal and state governments subsidized certain programs with grants and contributions totaling \$264,927 (a \$24,000 decrease). Federal funding decreased as one time stimulus funding was discontinued.
- The net cost of governmental activities was financed with \$1,012,372 in property and other taxes and \$302,136 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2011 were \$190,533 and expenses totaled \$195,142. The District's business type activities include the School Nutrition Fund and a Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Both funds showed a positive fund balance as of June 30, 2011.

The City of Gilmore City donates part of their Local Option Sales Tax monies to help support the school district to operate the Thunder Tots Daycare Program. These contributions help in keeping the rates parents pay as low as possible.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Gilmore City-Bradgate Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,231,640, a fourteen percent increase from last year's ending fund balances of \$1,082,534. An increase of over \$100,000 in the Management Levy was the primary factor for such a large increase.

Governmental Fund Highlights

- The District's General Fund financial status decreased this year primarily due to inadequate allowable growth coupled with unprecedented state aid cuts. This becomes more difficult every year due to state's decision to remove the budget guarantee.
- The Physical Plant and Equipment Levy (PPEL levy) increased by over \$7,000. The District uses these funds for a variety of infrastructure projects.
- The Capital Projects, State Sales, Services and Use Tax Fund increased by over \$24,000 in the fiscal year ending June 30, 2011. This money can be used for many of the same purposes as the District's PPEL levy. The District uses the funds for equipment and building projects.

Proprietary Fund Highlights

Beginning in the 2005-2006 school year a fund was established for the Thunder Tots Daycare and Preschool operated by the District. Contributions include donations from the City of Gilmore City. The fund had a positive fund balance at June 30, 2011.

BUDGETARY HIGHLIGHTS

The District's receipts were \$82,473 less than budgeted receipts, a variance of 3%. The most significant variance resulted from the District receiving less in state revenues than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. The published budgeted amounts were not exceeded in any of the four functions. The District has a positive General Fund unspent authorized budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$538,431, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 7% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$71,112.

The original cost of the District's capital assets was \$1,624,606. Governmental funds account for \$1,608,275, with the remainder of \$16,331 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the equipment category. The District purchased over seventy laptops for student use.

Figure A-6
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 7	7	-	-	7	7	0.00%
Buildings	306	322	-	-	306	322	-4.97%
Improvements other than buildings	116	122	-	-	116	122	-4.92%
Furniture and equipment	109	52	-	-	109	52	109.62%
Totals	\$ 538	503	-	-	538	503	6.96%

Long-Term Debt

The District has no long-term debt except for its early retirement plan and other post employment benefits. Both are described in further detail in the notes to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Declining enrollment and the loss of the budget guarantee have caused revenues to decline while expenditures keep rising. Two retiring teachers from last year were not replaced to lower expenditures for the 2011 fiscal year.
- In 2011, the District received sharing dollars from the Twin Rivers Community School District for the fourth through eighth grades. The District in return expended sharing dollars to Twin Rivers for students in grades ninth through twelve.
- Beginning in FY12, the District will no longer receive sharing dollars for the students in grades four through eight because of the dissolution of the sharing arrangement with Twin Rivers Community School District. A new sharing with West Bend-Mallard will continue the practice of expending sharing dollars for high school students. Because of the drastic loss of revenue for the upcoming year, many changes had to be made for the 2012 school year. Those changes being combining classrooms for grades one through eight and the reduction and/or elimination of many staff positions.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", and "GASB 34", to name a few.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Dickey, District Secretary/Treasurer, Gilmore City-Bradgate Community School District, 402 SE E Ave, Gilmore City, IA 50541.

Basic Financial Statements

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 1,275,372	11,580	1,286,952
Receivables:			
Property tax:			
Current year	9,603	-	9,603
Succeeding year	955,111	-	955,111
Income surtax - succeeding year	78,259	-	78,259
Due from other governments	54,469	-	54,469
Other receivables	-	2,868	2,868
Inventories	-	1,458	1,458
Capital assets, net of accumulated depreciation	538,431	-	538,431
Total assets	<u>2,911,245</u>	<u>15,906</u>	<u>2,927,151</u>
Liabilities			
Accounts payable	107,804	432	108,236
Deferred revenue:			
Succeeding year property tax	955,111	-	955,111
Long-term liabilities:			
Portion due within one year:			
Early retirement	12,992	-	12,992
Portion due after one year:			
Net OPEB liability	12,635	-	12,635
Early retirement	17,384	-	17,384
Total liabilities	<u>1,105,926</u>	<u>432</u>	<u>1,106,358</u>
Net assets			
Invested in capital assets	538,431	-	538,431
Restricted for:			
Student activities	10,486	-	10,486
Management levy	303,299	-	303,299
School infrastructure	304,223	-	304,223
Physical plant and equipment levy	219,617	-	219,617
Unrestricted	429,263	15,474	444,737
Total net assets	<u>\$ 1,805,319</u>	<u>15,474</u>	<u>1,820,793</u>

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction	\$ 1,146,003	250,935	329,995	(565,073)	-	(565,073)
Support services:						
Student services	31,376	-	-	(31,376)	-	(31,376)
Instructional staff services	57,240	-	-	(57,240)	-	(57,240)
Administration services	273,355	-	-	(273,355)	-	(273,355)
Operation and maintenance of plant services	120,108	-	9,549	(110,559)	-	(110,559)
Transportation services	74,971	-	-	(74,971)	-	(74,971)
	557,050	-	9,549	(547,501)	-	(547,501)
Non-instructional programs:						
Food service operations	3,000	-	-	(3,000)	-	(3,000)
Other expenditures:						
AEA flowthrough	71,655	-	71,655	-	-	-
Facilities acquisition and construction	54,985	-	986	(53,999)	-	(53,999)
Depreciation (unallocated)*	71,112	-	-	(71,112)	-	(71,112)
	197,752	-	72,641	(125,111)	-	(125,111)
Total governmental activities	1,903,805	250,935	412,185	(1,240,685)	-	(1,240,685)

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Business Type Activities	Total
Business type activities:					
Non-instructional programs:					
Nutrition and child care services	195,143	112,237	78,296	-	(4,610)
Total	\$ 2,098,948	363,172	490,481	(1,240,685)	(1,245,295)
General revenues:					
Property tax levied for:					
General purposes				\$ 681,145	-
Management fund				149,423	-
Capital outlay				76,488	-
Income surtaxes collected for:					
General purposes				105,316	-
Statewide sales, services and use tax				102,082	-
Unrestricted state grants				302,136	-
Unrestricted investment earnings				8,604	-
Other				8,084	-
Total general revenue				1,433,278	-
Change in net assets				192,593	(4,610)
Net assets beginning of year				1,612,726	20,084
Net assets end of year				\$ 1,805,319	15,474
					1,820,793

* This amount excludes the depreciation that is included in the direct expenses of the various programs

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	General	Student Activity	Management Levy	Capital Projects			Total
				Statewide Sales	Physical Plant and Equipment	Levy	
Assets							
Cash and pooled investments	\$ 400,193	10,486	332,091	304,223	228,379		1,275,372
Receivables:							
Property tax:							
Current year	7,208	-	1,584	-	811		9,603
Succeeding year	764,200	-	110,000	-	80,911		955,111
Income surtax - succeeding year	78,259	-	-	-	-		78,259
Due from other governments	54,469	-	-	-	-		54,469
Total assets	<u>1,304,329</u>	<u>10,486</u>	<u>443,675</u>	<u>304,223</u>	<u>310,101</u>		<u>2,372,814</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	98,231	-	-	-	9,573		107,804
Deferred revenue:							
Succeeding year property tax	764,200	-	110,000	-	80,911		955,111
Succeeding year income surtax	78,259	-	-	-	-		78,259
Total liabilities	<u>940,690</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>90,484</u>		<u>1,141,174</u>
Fund balances:							
Restricted for:							
Student activities	-	10,486	-	-	-		10,486
Management levy	-	-	333,675	-	-		333,675
School infrastructure	-	-	-	304,223	-		304,223
Physical plant and equipment levy	-	-	-	-	219,617		219,617
Unassigned	363,639	-	-	-	-		363,639
Total fund balances	<u>363,639</u>	<u>10,486</u>	<u>333,675</u>	<u>304,223</u>	<u>219,617</u>		<u>1,231,640</u>
Total liabilities and fund balances	<u>\$ 1,304,329</u>	<u>10,486</u>	<u>443,675</u>	<u>304,223</u>	<u>310,101</u>		<u>2,372,814</u>

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (Exhibit C)	\$ 1,231,640
--	--------------

***Amounts reported for governmental activities in the Statement of Net Assets
are different because:***

Income surtax receivable at June 30, 2011 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Activities.	78,259
--	--------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	538,431
--	---------

Long-term liabilities, including early retirement and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(43,011)</u>
--	-----------------

Net assets of governmental activities (Exhibit A)	<u><u>\$ 1,805,319</u></u>
--	----------------------------

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2011

	General	Student Activity	Management Levy	Capital Projects			Total
				Statewide Sales Services and Use Tax Levy	Physical Plant and Equipment Levy		
Revenues:							
Local sources:							
Local tax	\$ 785,354	-	149,423	102,082	76,488		1,113,347
Tuition	250,935	-	-	-	-		250,935
Other	64,813	17,049	4,486	986	4,957		92,291
State sources	505,066	-	70	-	36		505,172
Federal sources	133,546	-	-	-	-		133,546
Total revenues	1,739,714	17,049	153,979	103,068	81,481		2,095,291
Expenditures:							
Instruction:	1,119,219	18,425	15,473	-	-		1,153,117
Support services:							
Student services	31,376	-	-	-	-		31,376
Instructional staff services	57,015	-	225	-	-		57,240
Administration services	279,086	-	2,975	73,823	2,893		358,777
Operation and maintenance of plant services	117,595	-	12,300	-	513		130,408
Transportation services	66,385	-	8,586	-	-		74,971
	551,457	-	24,086	73,823	3,406		652,772
Non-instructional programs:							
Food service operations	-	-	3,000	-	-		3,000

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2011

	General	Student Activity	Management Levy	Statewide Sales Services and Use Tax Levy	Capital Projects Physical Plant and Equipment Levy	Total
Other expenditures:						
AEA flowthrough	71,655	-	-	-	-	71,655
Facilities acquisition and construction	-	-	-	-	65,641	65,641
	71,655	-	-	-	65,641	137,296
Total expenditures	1,742,331	18,425	42,559	73,823	69,047	1,946,185
Net change in fund balances	(2,617)	(1,376)	111,420	29,245	12,434	149,106
Fund balances beginning of year	366,256	11,862	222,255	274,978	207,183	1,082,534
Fund balances end of year	\$ 363,639	10,486	333,675	304,223	219,617	1,231,640

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances - total governmental funds (Exhibit E)	\$ 149,106
---	------------

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities. This represents the change in income surtax receivable from the prior fiscal year.

	1,107
--	-------

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 106,378	
Depreciation expense	<u>(71,112)</u>	35,266

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	12,992	
Other postemployment benefits	<u>(5,878)</u>	<u>7,114</u>

Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 192,593</u></u>
--	--------------------------

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2011

	<u>School Nutrition</u>	<u>Child Care</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 11,041	539	11,580
Other receivables	470	2,398	2,868
Inventories	<u>1,458</u>	<u>-</u>	<u>1,458</u>
Total assets	<u>12,969</u>	<u>2,937</u>	<u>15,906</u>
Liabilities			
Accounts payable	<u>196</u>	<u>236</u>	<u>432</u>
Net assets			
Unrestricted	<u>12,773</u>	<u>2,701</u>	<u>15,474</u>
Total net assets	<u>\$ 12,969</u>	<u>2,937</u>	<u>15,906</u>

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2011

	<u>School Nutrition</u>	<u>Child Care</u>	<u>Total</u>
Operating revenue:			
Local sources:			
Charges for services	\$ 24,707	87,530	112,237
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	25,114	-	25,114
Benefits	10,195	-	10,195
Services	-	-	-
Supplies	53,611	-	53,611
Total operating expenses	88,920	-	88,920
Community service programs:			
Salaries	-	78,375	78,375
Benefits	-	17,858	17,858
Services	-	850	850
Supplies	-	9,140	9,140
	-	106,223	106,223
Total operating expenses	88,920	106,223	195,143
Operating (loss)	(64,213)	(18,693)	(82,906)
Non-operating revenues:			
Contributions	-	11,179	11,179
State sources	824	-	824
Federal sources	66,293	-	66,293
	67,117	11,179	78,296
Change in net assets	2,904	(7,514)	(4,610)
Net assets beginning of year	9,869	10,215	20,084
Net assets end of year	\$ 12,773	2,701	15,474

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2011

	<u>School Nutrition</u>	<u>Child Care</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from sale of services	\$ 25,023	85,981	111,004
Cash payments to employees for services	(35,309)	(96,233)	(131,542)
Cash payments to suppliers for goods or services	(46,760)	(10,006)	(56,766)
Net cash (used by) operating activities	<u>(57,046)</u>	<u>(20,258)</u>	<u>(77,304)</u>
Cash flows from non-capital financing activities:			
Contributions	-	11,179	11,179
State grants received	824	-	824
Federal grants received	59,806	-	59,806
Net cash provided by non-capital financing activities	<u>60,630</u>	<u>11,179</u>	<u>71,809</u>
Net increase (decrease) in cash and cash equivalents	3,584	(9,079)	(5,495)
Cash and cash equivalents beginning of year	<u>7,457</u>	<u>9,618</u>	<u>17,075</u>
Cash and cash equivalents end of year	<u>\$ 11,041</u>	<u>539</u>	<u>11,580</u>
Reconciliation of operating (loss) to net cash (used by) operating activities:			
Operating (loss)	\$ (64,213)	(18,693)	(82,906)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:			
Commodities used	6,487	-	6,487
Decrease(Increase) in receivables	316	(1,549)	(1,233)
Decrease in inventory	204	-	204
Increase in accounts payable	160	(16)	144
	<u>\$ (57,046)</u>	<u>(20,258)</u>	<u>(77,304)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$6,487.

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose <u>Trust Fund</u>
Assets	
Cash and pooled investments	\$ <u>54,058</u>
Total assets	<u>54,058</u>
Net Assets	
Reserved for scholarships	\$ <u><u>54,058</u></u>

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose <u>Trust Fund</u>
Additions:	
Local sources:	
Interest on investments	\$ 803
Total additions	<u>803</u>
Deductions:	
Support services:	
Scholarships	<u>2,250</u>
Total deductions	<u>2,250</u>
Change in net assets	(1,447)
Net assets beginning of year	<u>55,505</u>
Net assets end of year	<u>\$ 54,058</u>

See notes to financial statements.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Gilmore City-Bradgate Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the Cities of Gilmore City and Bradgate, Iowa, and agricultural area in Pocahontas, Humboldt and Webster Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The District also contracted, as explained in Note 6, with the Twin Rivers Community School District to educate students in grades four through twelve.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Gilmore City-Bradgate Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Gilmore City-Bradgate Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pocahontas and Humboldt County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to include all funds as major funds for clarity of presentation

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Capital Projects, Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Capital Projects, Physical Plant and Equipment Levy Fund is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, Child Care and School Nutrition Funds. These funds are used to account for the child care and food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund is the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years. There were no intangible assets that exceeded the threshold for capitalization.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	1,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2011.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011 expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2011.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,000	-	-	7,000
Capital assets being depreciated:				
Buildings	849,818	10,656	-	860,474
Improvements other than buildings	272,455	-	-	272,455
Furniture and Equipment	388,434	95,722	15,810	468,346
Total capital assets being depreciated	1,510,707	106,378	15,810	1,601,275
Less accumulated depreciation for:				
Buildings	528,343	25,420	-	553,763
Improvements other than buildings	149,623	7,129	-	156,752
Furniture and Equipment	336,576	38,563	15,810	359,329
Total accumulated depreciation	1,014,542	71,112	15,810	1,069,844
Total capital assets being depreciated, net	496,165	35,266	-	531,431
Governmental activities, capital assets, net	\$ 503,165	35,266	-	538,431
Business type activities:				
Furniture and equipment	\$ 16,331	-	-	16,331
Less accumulated depreciation	16,331	-	-	16,331
Business type activities capital assets, net	\$ -	-	-	-

Depreciation expense was charged to the following functions:

Governmental activities:	
Unallocated	\$ 71,112
Business type activities:	
Food service operations	\$ -

(4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$67,315, \$72,252, and \$70,769 respectively, equal to the required contributions for each year.

(5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$71,655 for year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(6) Whole Grade Sharing

During the 2010/2011 school year the District was entered into a contract with Twin Rivers Community School District to complete the academic and extra-curricular needs of students in grades four through twelve. All regular education students in grades nine through twelve attended the Twin Rivers Community School District. All regular education students in grades four through eight attended the Gilmore City-Bradgate Community School District. This agreement expired on June 30, 2011. An agreement has been entered into with the West Bend-Mallard Community School District for one way sharing grades 9 through 12. All high school students will be attending West Bend-Mallard Community School District. All other grades will be educated in Gilmore City.

(7) Risk Management

Gilmore City-Bradgate Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 19 active members and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$11,388
Interest on net OPEB Obligation	169
Adjustment to annual required contribution	(789)
Annual OPEB Cost	10,768
Contributions made	(4,890)
Increase in net OPEB obligation	5,878
Net OPEB obligation beginning of year	6,757
Net OPEB obligation end of year	\$12,635

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$10,694	36.8%	\$ 6,757
June 30, 2011	\$10,768	45.4%	\$12,635

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$106,954, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$106,954. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$978,000 and the ratio of the UAAL to covered payroll was 10.9%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as Required Supplementary Information, in the section following the Notes to Financial Statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Early Retirement Payable

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service (last ten consecutively) to the District. Employees must complete an application which must be approved by the Board of Education. The early retirement incentive for each eligible employee is the difference between BA base and their current annual full-time equivalent salary less extended contract and supplemental pay amounts. The dollar amount benefit is to be used to continue paying the employee's premium for the District's group health insurance program. Early retirement benefits paid during the year ended June 30, 2011, totaled \$12,992. A long-term liability has been recorded on the Statement of Net Assets (Exhibit A) representing the District's commitment to fund early retirement.

(10) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects, Physical Plant and Equipment Levy</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ -	207,183
Change in fund type classification per implementation of GASB Statement No. 54	<u>207,183</u>	<u>(207,183)</u>
Balances July 1, 2010, as restated	<u>\$207,183</u>	<u>-</u>

Required Supplementary Information

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 1,456,573	123,416	1,579,989	1,628,678	1,628,678	(48,689)
State sources	505,172	824	505,996	590,119	590,119	(84,123)
Federal sources	133,546	66,293	199,839	149,500	149,500	50,339
Total revenues	<u>2,095,291</u>	<u>190,533</u>	<u>2,285,824</u>	<u>2,368,297</u>	<u>2,368,297</u>	<u>(82,473)</u>
Expenditures/Expenses:						
Instruction	1,153,117	-	1,153,117	1,842,189	1,842,189	689,072
Support services	652,772	-	652,772	1,843,160	1,843,160	1,190,388
Non-instructional programs	3,000	195,143	198,143	223,607	223,607	25,464
Other expenditures	137,296	-	137,296	147,790	147,790	10,494
Total expenditures/expenses	<u>1,946,185</u>	<u>195,143</u>	<u>2,141,328</u>	<u>4,056,746</u>	<u>4,056,746</u>	<u>1,915,418</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	149,106	(4,610)	144,496	(1,688,449)	(1,688,449)	1,832,945
Other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	149,106	(4,610)	144,496	(1,688,449)	(1,688,449)	1,832,945
Balance beginning of year	1,082,534	20,084	1,102,618	1,120,578	1,120,578	(17,960)
Balance end of year	<u>\$ 1,231,640</u>	<u>15,474</u>	<u>1,247,114</u>	<u>(567,871)</u>	<u>(567,871)</u>	<u>1,814,985</u>

See accompanying independent auditor's report.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures did not exceed the amount budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$0	\$107	\$107	0.0%	\$1,093	9.8%
2011	Jul 1, 2009	\$0	\$107	\$107	0.0%	\$978	10.9%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 809	6,344	6,282	871
Elementary spirit	620	-	231	389
Kids PBS	2,604	84	463	2,225
Student council	7,829	10,621	11,449	7,001
Total	<u>\$ 11,862</u>	<u>17,049</u>	<u>18,425</u>	<u>10,486</u>

See accompanying independent auditor's report.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Eight Years

		Modified Accrual Basis							
		2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax		\$ 1,113,347	1,004,088	978,434	1,002,713	991,497	991,196	962,884	1,090,991
Tuition		250,935	268,307	299,782	279,213	227,894	232,023	146,388	132,308
Other		92,291	152,289	171,232	162,401	153,129	145,470	155,662	141,441
State sources		505,172	503,834	553,971	619,323	549,073	593,283	619,759	562,424
Federal sources		133,546	171,012	89,246	64,264	86,415	82,324	96,239	75,409
Total		<u>\$ 2,095,291</u>	<u>2,099,530</u>	<u>2,092,665</u>	<u>2,127,914</u>	<u>2,008,008</u>	<u>2,044,296</u>	<u>1,980,932</u>	<u>2,002,573</u>
Expenditures:									
Instruction		\$ 1,153,117	1,270,951	1,439,803	1,321,280	1,314,150	1,345,338	1,295,291	1,223,141
Support services:									
Student		31,376	40,427	38,720	37,820	34,078	32,108	40,024	39,442
Instructional staff		57,240	56,535	50,355	21,636	21,853	18,740	20,722	33,168
Administration		358,777	368,974	316,164	307,512	245,331	204,195	192,727	191,233
Operation and maintenance of plant		130,408	137,485	138,293	132,195	121,444	121,922	109,046	104,395
Transportation		74,971	105,842	95,316	80,164	125,069	66,000	122,407	78,584
Non-instructional programs		3,000	3,000	3,000	3,000	3,000	13,100	368	10,400
Other expenditures:									
Facilities acquisition		65,641	72,988	112,721	194,258	55,197	160,852	58,215	55,076
AEA flowthrough		71,655	72,710	66,266	65,496	64,848	63,489	64,025	65,333
Total		<u>\$ 1,946,185</u>	<u>2,128,912</u>	<u>2,260,638</u>	<u>2,163,361</u>	<u>1,984,970</u>	<u>2,025,744</u>	<u>1,902,825</u>	<u>1,800,772</u>

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Gilmore City-Bradgate Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Gilmore City-Bradgate Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 2, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gilmore City-Bradgate Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Gilmore City-Bradgate Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gilmore City-Bradgate Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-11 and I-B-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no items which we consider to be significant deficiencies.

Compliance and Other Matters

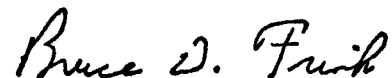
As part of obtaining reasonable assurance about whether Gilmore City-Bradgate Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We noted no instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Gilmore City-Bradgate Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Gilmore City-Bradgate Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Gilmore City-Bradgate Community School District and other parties to whom Gilmore City-Bradgate Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Gilmore City-Bradgate Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 2, 2012

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES

I-A-11 Segregation of Duties - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

I-B-11 Auditor Drafting of the Financial Statements and Related Footnote Disclosures - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 115, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

- II-B-11 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-11 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-11 Certified Enrollment - The Certified Annual Report was certified timely to the Department of Education.
- II-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-11 Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education.
- II-K-11 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 274,978
Revenues/transfers in:		
Sales tax revenues	\$102,082	
Other local revenues	<u>986</u>	103,068
		378,046
Expenditures/transfers out:		
Equipment		<u>73,823</u>
Ending balance		<u>\$304,223</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.